

# Quarterly Cash Flow and Activities Report Appendix 4C

Quarter 4, Financial Year 2020

6th July, 2020

SelfWealth Ltd

Level 2, 613 Canterbury Road  
Surrey Hills, 3127, Victoria, Australia



# SelfWealth<sup>®</sup>

Trade smarter. Every time.

Our goal is to empower people to build their own wealth, which is why we've created a place where every investor can learn and benefit from the experience of a large community.

It's a revolutionary way to trade and it's more affordable, too.

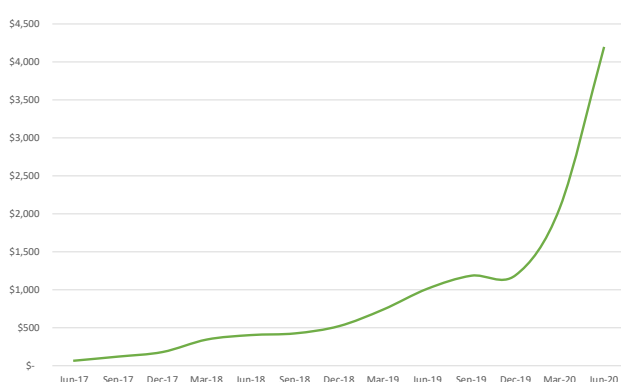
**SelfWealth. Trade smarter. Every time.**

# Quarterly Activities Report

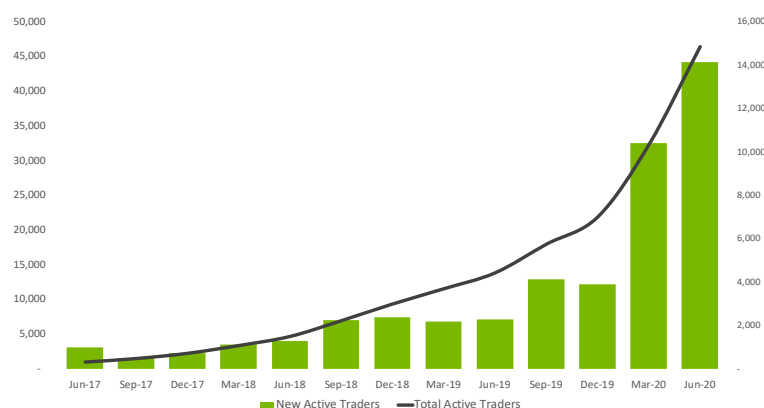
## Highlights

- Continued growth in 'active traders' joining the platform. Up 44% quarter-on-quarter, to 46,445.
- Operating Revenue of \$4.18m. Up 101% quarter-on-quarter.
- First ever quarterly positive cash flow from operating activities, \$809k.
- Quarterly trade volumes reach 340k. Up 112% quarter-on-quarter.
- Value of 'client cash held' remains firm at \$366m.

Operating Revenue by Quarter ('000)



Active Trader Growth by Quarter



**Melbourne, Australia – 6th July 2020:** SelfWealth Ltd (ASX: SWF) ("SelfWealth" or "the Company"), has released its fourth FY20 Quarterly Cash Flow and Activities Report. This report shows further evidence of large numbers of new clients joining SelfWealth's retail trading platform and establishing their investment portfolios which in turn has led to a significant increase in operating revenue for the Company.

SelfWealth's Managing Director, Mr Rob Edgley had this to say on the quarterly results, "Key structural changes that have been emerging over time in investment markets have been accelerated by the COVID-19 pandemic, leading to changes in investor behaviour. Ultra-low interest rates globally and the digitalisation of investment markets have led to large numbers of new investors in the share market, particularly amongst the Millennial and Gen Y demographic. A generation of savers is being transformed into a generation of investors, providing a sharp increase in the addressable market for SelfWealth's retail trading platform. This is evidenced by an additional 14,132 'active traders' joining our platform in the past three months.

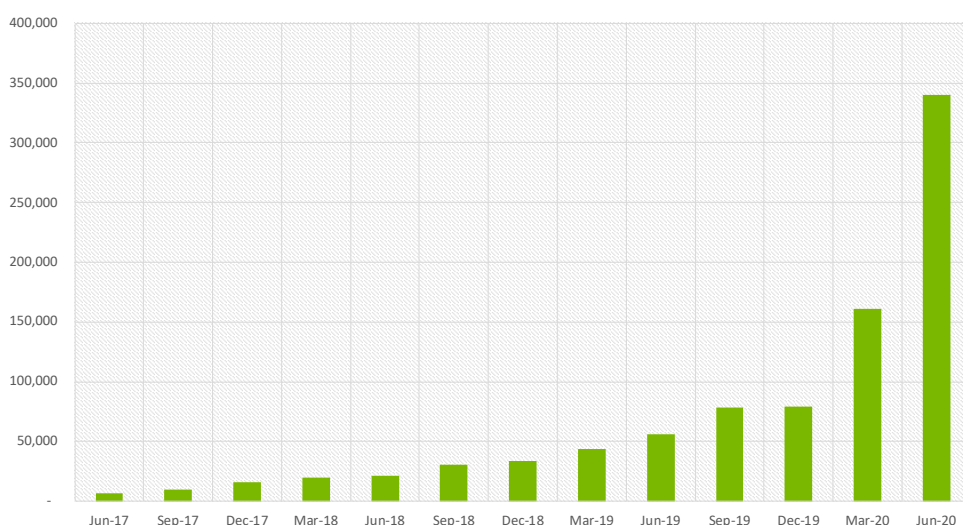
"It is very pleasing to see this increase in 'active traders' which has led to six consecutive record months in trade volumes during the first half of 2020, and a more than doubling of total trades quarter-on-quarter. The tailwinds assisting the online broking industry as a whole have been particularly prevalent in SelfWealth's case.

The Company's highly-scalable, cost-efficient and well-performing solution is proving attractive to new and existing investors alike.

"In further good news, the increased client numbers and activity levels have resulted in the Company's first quarter of positive cash flow from operating activities in its history. A \$809k positive operating cash flow for the quarter was achieved with each month contributing positive cash flow numbers -- in particular the month of June which was aided by our 'end of financial year' SelfWealth Premium offer.

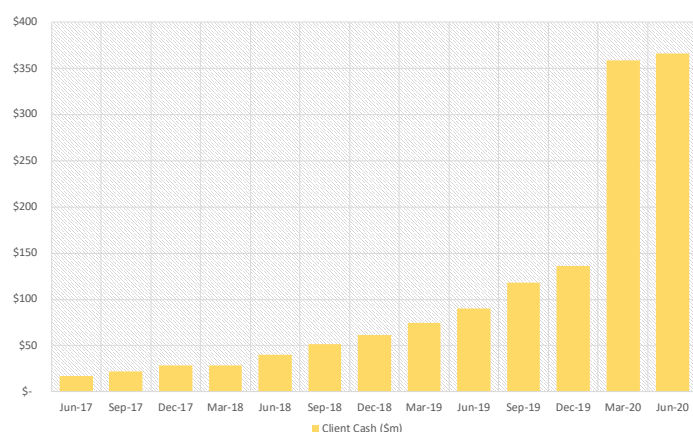
## Key Performance Indicators

### Trade Growth by Quarter

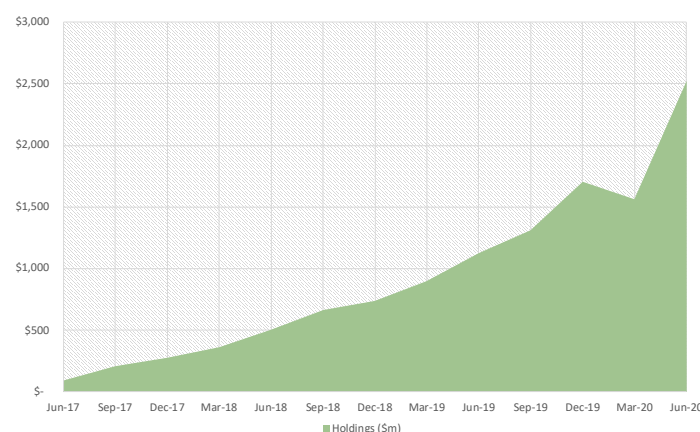


Despite March being the strongest month for new active trader growth to date, April through June saw a continued influx of new clients, setting a record quarterly number of 14,132 new 'active traders'. Substantial customer growth contributed to a more than doubling of trade volumes across the June quarter.

### Total Client Cash by Quarter



### Total Securities Held on HIN by Quarter



The strong rally in share markets over the quarter combined with the influx of new clients has seen a significant increase in the total securities held on HIN on the platform. The end of June total securities held on HIN rose to \$2.52bn, up from \$1.56bn.

70% of the total orders filled on the platform during the quarter were on the 'buy' side as investors put their money to work in the market. Despite this large percentage of buy transactions, the total client cash held on the platform increased to \$366m.

## Product and Technology Update

The SelfWealth project team is working hard with our partner Phillip Capital to prepare the technology required for the launch of US equity trading in the fourth quarter of this calendar year. The project is progressing according to plan, and we hope to be able to invite all SelfWealth customers to open a US trading account within their existing SelfWealth membership over the next few months in the lead up to the launch later in the year.

An additional project to deliver an entirely new SelfWealth mobile app for iOS and Android, which aims to be a market leader in design and usability, has begun and is expected to be delivered in the coming months. The app will improve the trading experience for existing SelfWealth clients and attract new clients, especially in the younger demographic.

## Operating Cash Flow

As expected, with a substantial increase in new clients, quarterly revenue grew strongly, and the balance sheet of the Company improved further. As of June 30, the Company has a net cash position of \$5.26m and no outstanding debt.

The next quarter will see an increase in the Company's investment in growth and new revenue streams, most notably supporting the development of the international trading product and refreshed mobile applications.

In accordance with Listing Rule 4.7C, payments made to related parties and their associates included in items 6.1 of the Appendix 4C incorporates directors fees, remuneration and superannuation at commercial rates.



**Investor Enquiries**

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**Media Enquiries**

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*Robert Edgley, Managing Director of SelfWealth Pty Ltd has authorised the release of this announcement to the market.*

# Who is SelfWealth?

## The Story

SelfWealth is the solution to a problem: how to provide a fair and simple service to Australian investors, that grants them access to some of the world's most cutting edge investment insights, without breaking the bank.

Since SelfWealth's humble beginnings in 2012, the company listed in late 2017 and introduced what is now known as Australia's fastest growing, only flat-fee share trading platform. The key offerings are the \$9.50 flat-fee brokerage and a community-driven insights tool that pools information from over 80,000 Australian investor portfolios.

This inquisitive company and its leadership continue to innovate and surprise the industry with new solutions to an age-old problem: how to trade smarter.

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## Product Suite



### Share Trading Platform

Australia's cheapest and fastest growing flat-fee ASX trading platform.



### Power of the Crowd

Actionable insights from over 60,000+ real investor portfolios that assist members in outperforming the market.



### SelfWealth SMSF Leaders Fund

World-first Australian equities ETF driven by community data.



### SelfWealth Adviser Platform

Introducing an industry-changing Adviser Platform for share trading.

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

SelfWealth Limited

**ABN**

52 154 324 428

**Quarter ended ("current quarter")**

30 June 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	4,183	8,629
1.2 Payments for		
(a) research and development	(38)	(38)
(b) product manufacturing and operating costs	(2,128)	(4,731)
(c) advertising and marketing	(158)	(555)
(d) leased assets	(29)	(130)
(e) staff costs	(831)	(2,722)
(f) administration and corporate costs	(300)	(1,288)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	12
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	107	571
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>809</b>	<b>(252)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(9)	(20)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(9)</b>	<b>(20)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	3,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	125	125
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(5)	(171)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	36	36
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>156</b>	<b>2,990</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	4,304	2,542
4.2	Net cash from / (used in) operating activities (item 1.9 above)	809	(252)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(9)	(20)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	156	2,990
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>5,260</b>	<b>5,260</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,760	1,804
5.2	Call deposits	2,500	2,500
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>5,260</b>	<b>4,304</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
132

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

The amount at 6.1 includes payment of directors' fees and salary of managing director.

**7. Financing facilities**

*Note: the term "facility" includes all forms of financing arrangements available to the entity.*

*Add notes as necessary for an understanding of the sources of finance available to the entity.*

	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

N/A

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(196)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	5,260
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	5,064
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	26

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

- Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

- Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 6 July 2020

Authorised by: The Board of SelfWealth Limited

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.



# SelfWealth<sup>®</sup>

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